

DEPARTMENT OF MENTAL HEALTH

1600 - 9TH STREET
SACRAMENTO, CA 95814
916) 654-2378



November 17, 1997

DMH LETTER NO.: 97-06

TO: LOCAL MENTAL HEALTH DIRECTORS
LOCAL MENTAL HEALTH PROGRAM CHIEFS
LOCAL MENTAL HEALTH ADMINISTRATORS
COUNTY ADMINISTRATIVE OFFICERS
CHAIRPERSONS, MENTAL HEALTH ADVISORY BOARDS

SUBJECT: FISCAL YEAR 1997-98 INITIAL ALLOCATION

REFERENCE: Budget Act of 1997 (Chapter 282, Statutes of 1997)

The enclosed allocation worksheet contains the allocation for your county's mental health program in accordance with the Budget Act for Fiscal Year (FY) 1997-98. As in prior years, only State General Fund dollars are specified.

The Budget Act of 1997 included significant increases in General Fund dollars and in reimbursements to reflect the collection of additional Federal Financial Participation (FFP) through the Short-Doyle/Medi-Cal (SD/MC) Program. The increase in General Fund dollars is the result of three major budget adjustments: (1) an increase in funding for inpatient psychiatric hospital services to reflect changes in the number of beneficiaries and a cost adjustment factor in the medical component of the national Consumer Price Index; (2) a transfer of funds from the Department of Health Services (DHS) associated with the consolidation of specialty mental health professional and nursing facility services; and (3) an increase in funding to continue statewide implementation of the children's system of care model.

Discussed below in detail are policies and procedures pertaining to the local assistance appropriation of the Budget Act of 1997.

• LOCAL ASSISTANCE

A. Budget Act Item 4440-101-0001

- | | |
|---|--------------|
| 1. <u>Category (a) 10.25 Community Services</u>
<u>- Other Treatment</u> | \$ 4,730,000 |
| 2. <u>Category (b) 10.40 Adult System of Care</u> | \$ 7,772,000 |

- | | |
|--|--------------|
| 3. <u>Category (c) 10.47 Children's Mental Health Services</u> | \$20,354,000 |
| 4. <u>Category (d) 10.85 AIDS</u> | \$ 1,500,000 |

The Budget Act provides for a General Fund increase of \$6,001,000 to augment funding for Children's Systems of Care (AB 377). A total of \$20,354,000 in funding is available for children's mental health services pursuant to Chapter 1229, Statutes of 1992 (AB 3015). This General Fund appropriation is in addition to the Substance Abuse and Mental Health Services Administration (SAMHSA) Block Grant appropriation of \$12,511,000 in Budget Item 4440-101-0890(b). The augmentation funding will be awarded to counties who submit successful proposals that further the development of a coordinated service delivery system for children's mental health services through local interagency collaboration.

The Budget Act makes provisions to continue the General Fund support for the remaining programs at the FY 1996-97 levels.

B. Budget Act Item 4440-101-0890, payable from the Federal Trust Fund

- | | |
|---|--------------|
| 1. <u>Category (a) 10.25 Community Services</u>
<u>- Other Treatment</u> | \$22,861,000 |
| 2. <u>Category (b) 10.47 Community Services</u>
<u>- Children's Mental Health Services</u> | \$12,511,000 |
| 3. <u>Category (c) 10.75 Community Services</u>
<u>- Homeless Mentally Disabled</u> | \$ 1,647,000 |

The Budget Act provides for the continuation of the mental health portion of the SAMHSA Block Grant for community mental health services at the FY 1996-97 levels.

Separate allocation letters are issued by the Department that describe the requirements for both the SAMHSA Block Grant and the Homeless Mentally Disabled funds.

C. Budget Act Item 4440-102-0001

1. For local assistance, Department of Mental Health (Proposition 98) for early mental health services

The Budget Act provides for a General Fund (Proposition 98) increase of \$3,000,000 to augment the Early Mental Health Initiative Program. The total appropriation of \$15,000,000 for this program will provide prevention and intervention services to approximately 42,000 eligible pupils in grades kindergarten through third.

D. Budget Act Item 4440-103-0001

1. For local assistance, Department of Mental Health, Program 10.25 - Community Services: Other Treatment for Mental Health Managed Care

The Budget Act makes provisions for a General Fund increase of \$7,460,000 for the managed care program to reflect (1) an increase in the number of Medi-Cal beneficiaries; (2) a cost adjustment factor based on the medical component of the national Consumer Price Index; and (3) additional funding to maintain the average cost per beneficiary by aid code when the transfer of Medi-Cal beneficiaries from Prepaid Health Plans is complete.

Also provided in the Budget Act is a General Fund transfer of \$20,824,000 from the Medi-Cal local assistance budget of the DHS to reflect the transfer of administrative responsibility for specialty mental health professional and nursing facility services to the counties during FY 1997-98 as a second step toward the development of a managed care system of service delivery.

Included in the Budget Act is a reduction of \$2,546,000 from the General Fund appropriation for the managed care program to reflect a change in the Medi-Cal sharing ratio from 50.23 percent federal and 49.77 percent state to 51.23 percent federal and 48.77 percent state effective October 1, 1997.

The enclosed allocation worksheet, however, reflects State General Fund dollars for the funding of psychiatric inpatient services only. Allocations for specialty mental health professional and nursing facility services to the counties will be made at a later date as the contracts are finalized. For details regarding the managed care allocation, please refer to the Managed Care Allocation Letter for FY 1997-98.

E. Budget Act Item 4440-131-0001

1. For Local Assistance, Department of Mental Health, for Services to Special Education Pupils (SEP) (AB 3632)

The Budget Act continues funding for the assessments, treatment and case management of SEP pursuant to Chapter 1747, Statutes of 1984 and Chapter 1274, Statutes of 1985 at the FY 1996-97 level of \$12,334,000.

- SHORT-DOYLE/MEDI-CAL

The Budget Act includes a net increase of \$60,990,000 in reimbursements to reflect the collection of FFP through the SD/MC Program. This increase was included in the Budget Act to reflect (1) a change in the federal sharing ratio from 50.23 percent federal to 51.23 percent

federal for Medi-Cal reimbursable mental health treatment services effective October 1, 1997 (\$5,792,000); (2) additional funding as the result of compliance under federal Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Program requirements related to providing mental health services to Medi-Cal eligible children (\$15,198,000); (3) the anticipated collection of additional FFP by the counties for SD/MC services (\$30,000,000); and (4) for mental health services provided to Temporary Aid for Needy Families (TANF) beneficiaries (\$10,000,000). The General Fund match for the \$10,000,000 identified to provide mental health services to TANF beneficiaries is included in the budget of the Department of Social Services (DSS). DSS will allocate the General Fund dollars to county welfare departments which in turn will develop memoranda of understanding with local mental health agencies.

Counties should make every effort to maximize the eligibility of providers for participation in the SD/MC program. Please review DMH Letter No.: 94-14, DMH Letter No.: 95-04, and DMH Letter No.: 96-03 for guidelines.

Additional reimbursements are also included in the 1997 Budget Act to reflect the General Fund match for EPSDT services (\$15,198,000) which will come from the DHS budget.

- REIMBURSEMENTS FOR SHORT-DOYLE/MEDI-CAL SERVICES

The Department has established maximum reimbursement allowances for SD/MC as required by Welfare & Institutions (W&I) Code Section 5720(a) and (b). These Statewide Maximum Allowances (SMA) will apply to all SD/MC eligible services by service function. The SMA rate for reimbursement for hospital administrative day services has remained frozen at the FY 1996-97 level. A schedule of the established SMAs reflecting all services for FY 1997-98 is enclosed (Enclosure A).

- COUNTY MATCH AND MAINTENANCE OF EFFORT (MOE) REQUIREMENTS

For State General Fund dollars allocated by DMH pursuant to Section 5712 of the W&I Code, the following reflects county match requirements in effect for FY 1997-98:

	Population over <u>125,000</u>	Population of 125,000 <u>or less</u>
All Services	90% State/10% County	Waived

According to W&I Code Section 5712(b), population must be based on the most currently available estimates as determined by the Population Research Unit, Department of Finance. The most current population estimate is enclosed for your information (Enclosure B). Chapter 484, Statutes of 1997 (SB 651) has amended W&I Code Section 5712 to specify that the cost

requirements for local financial participation shall be waived for funds for the implementation of managed mental health care contracts.

Chapter 64, Statutes of 1993 (SB 627) added Section 17608.05(b) to the W&I Code to allow a county or city to limit its deposit of realignment maintenance of effort (MOE) funds to the amount necessary to meet minimum federal MOE requirements. Chapter 6, Statutes of 1996 (SB 681) amended Section 17608.05(b) of the W&I Code to allow counties permanent MOE relief for mental health services up to \$25,000,000, statewide, per fiscal year. Please review DMH Information Notice No.: 97-05 for guidelines.

- CATEGORIES OF FUNDING

The local mental health appropriation is structured to accommodate expenditure reporting under the California Fiscal Information System (CFIS).

The Department will control to the various appropriation items and CFIS subcategories reflected on the allocation worksheet. All counties must claim expenditures on their cost reports accordingly.

- ADVANCE PAYMENTS

Except for Budget Item 4440-103-0001, Community Services - Other Treatment for Mental Health Managed Care, W&I Code Section 5713 allows DMH to make equal monthly payments to counties not to exceed 95 percent of a county's State General Fund allocation.

It is the responsibility of each county to maximize revenue from all sources in order to provide the highest level of services. All questions pertaining to the allocation should be addressed to Stan Johnson, Chief, Medi-Cal Liaison at (916) 654-3060.

Sincerely,



LINDA A. POWELL
Deputy Director
Administrative Services

Enclosures

c: California Mental Health Planning Council
Chief, Technical Assistance and Training
Chiefs, Medi-Cal Oversight

**FISCAL YEAR 1997-98
SHORT-DOYLE/MEDI-CAL
MAXIMUM REIMBURSEMENT RATES**

July 1, 1997 through June 30, 1998

	MODE OF SERVICE CODE	SERVICE FUNCTION CODE	TIME BASE	SHORT-DOYLE/ MEDI-CAL MAXIMUM ALLOWANCE
SERVICE FUNCTION				
A. 24-HOUR SERVICES	05:			
Hospital Inpatient		10-18	Client Day	\$707.85
Hospital Administrative Day		19	Client Day	\$214.90
Psychiatric Health Facility (PHF)		20-29	Client Day	\$400.13
Adult Crisis Residential		40-49	Client Day	\$225.63
Adult Residential		65-79	Client Day	\$110.04
B. DAY SERVICES	10:			
Crisis Stabilization				
Emergency Room		20-24	Client Hour	\$70.05
Urgent Care		25-29	Client Hour	\$70.05
Day Treatment Intensive				
Half Day		81-84	Client 1/2 Day	\$106.78
Full Day		85-89	Client Full Day	\$149.97
Day Rehabilitation				
Half Day		91-94	Client 1/2 Day	\$62.29
Full Day		95-99	Client Full Day	\$97.22
C. OUTPATIENT SERVICES	15:			
Case Management, Brokerage		01-09	Staff Minute	\$1.50
Mental Health Services		10-19		
		30-59	Staff Minute	\$1.92
Medication Support		60-69	Staff Minute	\$3.57
Crisis Intervention		70-79	Staff Minute	\$2.88

COUNTY LISTING
(POPULATION)

COUNTY/CITY PROGRAMS WITH
POPULATION OF 125,000 and
UNDER

ALPINE
AMADOR
BERKELEY CITY (Berkeley and
Albany)
CALAVERAS
COLUSA
DEL NORTE
GLENN
INYO
KINGS
LAKE
LASSEN
MADERA
MARIPOSA
MENDOCINO
MODOC
MONO
NAPA
NEVADA
PLUMAS
SAN BENITO
SIERRA
SISKIYOU
SUTTER-YUBA
TEHAMA
TRINITY
TUOLUMNE

COUNTY/CITY PROGRAMS WITH
POPULATIONS OVER 125,000

ALAMEDA
BUTTE
CONTRA COSTA
EL DORADO
FRESNO
HUMBOLDT
IMPERIAL
KERN
LOS ANGELES
MARIN
MERCED
MONTEREY
ORANGE
PLACER
RIVERSIDE
SACRAMENTO
SAN BERNARDINO
SAN DIEGO
SAN FRANCISCO
SAN JOAQUIN
SAN LUIS OBISPO
SAN MATEO
SANTA BARBARA
SANTA CLARA
SANTA CRUZ
SHASTA
SOLANO
SONOMA
STANISLAUS
TRI-CITY (La Verne, Pomona,
and Claremont)
TULARE
VENTURA
YOLO